

**BRADFORDS BUILDING SUPPLIES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**30 APRIL 1999**



**REGISTERED NUMBER: 278994**

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**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 April 1999.

**PRINCIPAL ACTIVITIES AND LIKELY FUTURE DEVELOPMENTS**

The principal activity of the company during the year was that of merchanting building materials and timber. The directors anticipate that the business will continue to trade in the same manner in the coming year.

**BUSINESS REVIEW**

The results for the year are given in the profit and loss account on page 5.

**PROPOSED DIVIDEND**

The directors recommend the payment of a dividend of £10.625 per share (1998 - £11.50).

**DIRECTORS AND DIRECTORS' INTERESTS**

The directors who held office during the year were as follows:

P S Bradford (Chairman)  
D J Smith (Managing Director) (appointed 11 January 1999)  
G King (retired 31 December 1998)  
S P J Bradford  
M J David  
M J Tidmarsh  
A Gamble  
P D Slade  
S P Love (appointed 1 May 1998)  
R J Baggerly (resigned 4 June 1998)

The interests of Mr P S Bradford and Mr S P J Bradford in the share capital of the group of which this company is a member are disclosed in the financial statements of the ultimate parent company, Bradford and Sons Limited. Mr S P Love had the following shareholdings in the ultimate parent company: 375 5% preference shares, 3,200 £1 ordinary shares and 1,988 £1 'A' ordinary shares. None of the other directors had any interests in the shares of group companies during the year.

**YEAR 2000**

Many computer systems have to be amended or replaced as a result of the year 2000 issues. The problem is a legacy of the early computer industry when, to save space and minimise calculation times, years were stored by two digits rather than four.

The key systems requiring either modification or replacement were identified last year and costs have only been capitalised where systems have been enhanced. The main computer system has now been replaced and the new system will be compliant. The directors do not consider the charge to the profit and loss account in respect of rectification costs to be material.

Given the complexity of the problem, it is not possible for any company to give an absolute guarantee that no year 2000 problems will remain, because at least some level of failure may occur. However, the directors do not consider the risks and uncertainties to be significant in the context of the company.

**EURO**

The directors continue to review the implications of economic and monetary union and the introduction of the Euro. No material revenue costs are anticipated.

**DIRECTORS' REPORT (Continued)**

**EMPLOYEES**

The directors acknowledge the importance of good communications and relations with their employees and believe that they should be aware of matters which affect the company they serve. Employees are provided with regular information by various means and are represented at discussions concerning their welfare.

The company recognises its obligations towards less abled people and endeavours to provide as much employment as the demands of the company's operations and the abilities of the less abled persons allow.


Applications for employment from less abled people are studied with care and if existing employees become less abled every effort is made to find them appropriate work and training where it is needed.

Opportunities are offered to less abled employees to develop their knowledge and skills and undertake greater responsibility.

**AUDITORS**

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and Solomon Hare will therefore continue in office.

By order of the Board



K J Athersuch  
Secretary

96 Hendford Hill  
Yeovil  
Somerset  
BA20 2QT

8 September 1999

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF BRADFORDS BUILDING SUPPLIES LIMITED**

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 7 and 8.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare  
Registered Auditors  
Chartered Accountants  
Oakfield House  
Oakfield Grove  
Clifton  
Bristol BS8 2BN



8 September 1999

**BRADFORDS BUILDING SUPPLIES LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 APRIL 1999**

	Note	1999 £	1998 £
Turnover	2	45,277,123	42,357,292
Cost of sales		(32,727,221)	(30,766,670)
<b>Gross profit</b>		<b>12,549,902</b>	<b>11,590,622</b>
Distribution costs		(9,029,358)	(8,245,844)
Administrative expenses		(1,568,632)	(1,284,442)
<b>Operating profit</b>		<b>1,951,912</b>	<b>2,060,336</b>
Interest receivable	6	108,366	75,322
<b>Profit on ordinary activities before taxation</b>	3	<b>2,060,278</b>	<b>2,135,658</b>
Taxation on profit on ordinary activities	7	(613,314)	(690,000)
<b>Profit on ordinary activities after taxation</b>		<b>1,446,964</b>	<b>1,445,658</b>
Dividend proposed	8	(425,000)	(460,000)
<b>Retained profit for the financial year</b>	17	<b>1,021,964</b>	<b>985,658</b>

All of the activities are continuing.

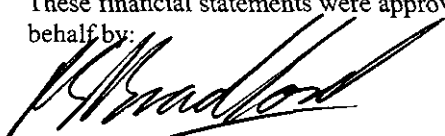
All recognised gains and losses are included in the profit and loss account.

The notes on page 7 to 16 form part of these financial statements

**BRADFORDS BUILDING SUPPLIES LIMITED****BALANCE SHEET  
AS AT 30 APRIL 1999**

	Note	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		2,012,080		1,817,172
Investments	10		32,373		32,373
			<u>2,044,453</u>		<u>1,849,545</u>
<b>Current assets</b>					
Stocks	11	4,683,636		4,355,452	
Debtors	12	6,948,256		6,667,845	
Cash at bank and in hand		341,156		5,392	
		<u>11,973,048</u>		<u>11,028,689</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(6,803,916)</u>		<u>(6,686,613)</u>	
<b>Net current assets</b>			<u>5,169,132</u>		<u>4,342,076</u>
<b>Total assets less current liabilities</b>			<u>7,213,585</u>		<u>6,191,621</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(30,200)		(30,200)
<b>Provisions for liabilities and charges</b>	15		-		-
<b>Net assets</b>			<u>7,183,385</u>		<u>6,161,421</u>
<b>Capital and reserves</b>					
Called up share capital	16		40,000		40,000
Other reserves	17		2,100		2,100
Profit and loss account	17		7,141,285		6,119,321
<b>Equity shareholders' funds</b>			<u>7,183,385</u>		<u>6,161,421</u>

These financial statements were approved by the board of directors on 8 September 1999 and were signed on its behalf by:



P S Bradford  
Director

The notes on pages 7 to 16 form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1999**

**1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a group which prepares a consolidated cashflow statement.

**Depreciation**

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, which in the case of assets purchased new are taken as follows:

Land and buildings	-	over life of lease
Plant and machinery, office equipment and fixtures and fittings	-	3, 5 or 10 years
Heavy commercial vehicles	-	8 years
Other vehicles	-	5 or 6 years

**Pension costs**

The company is a member of a group pension scheme covering certain employees providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund. Contributions to the scheme are based on pensions costs across the group as a whole and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Taxation**

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**Investments**

Investments are stated at cost less provision for any impairment in value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)****1 ACCOUNTING POLICIES (Continued)****Leasing commitments**

Rentals payable under operating leases are charged to the profit and loss account as they are incurred.

**Related party transactions**

The company has taken advantage of the exemption available under Financial Reporting Standard 8 from providing details of related party transactions with group related parties as they are incorporated within the financial statements of its parent company, Bradford and Sons Limited. Copies of that company's financial statements are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

**2 ANALYSIS OF TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover represents the amounts (excluding value added tax) receivable for goods and services supplied to customers during the year.

All of the turnover and profit of the company arises from the sale of building materials and timber referred to in the directors' report. All sales were made to customers in the United Kingdom.

**3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1999	1998
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration (including expenses)		
- audit work	24,600	23,900
- non audit work	8,800	3,775
Depreciation	456,722	376,881
Property lease rentals	116,844	108,826
Profit on disposal of fixed assets	(24,948)	(28,668)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)****4 EMOLUMENTS OF DIRECTORS**

	1999	1998
	£	£
Directors' emoluments:		
As directors	372,689	309,292
Company contributions to money purchase scheme in relation to directors' pensions	6,376	9,060

Six directors are accruing pension benefits under the group's defined benefits scheme (1998: five directors). No director (1998: one director) is accruing pension benefits under the money purchase scheme (the executive pension scheme).

The emoluments of the highest paid director were £71,367 (1998: £94,502) and the company's contributions to the money purchase scheme in respect of this director were £6,376 (1998: £9,060).

The highest paid director retired during the year and his accrued pension benefit, arising from the defined benefit scheme, at year end was therefore nil. (1998: £45,626).

**5 STAFF NUMBERS AND COSTS**

The average number of persons employed by the company (including directors) during the year was as follows:

	1999	1998
	No	No
Administration	52	50
Sales and distribution	307	301
	359	351

The aggregate payroll costs of these persons were as follows:

	1999	1998
	£	£
Wages and salaries	5,175,723	4,691,602
Social security costs	409,177	363,693
Other pension costs	152,170	199,574
	5,737,070	5,254,869

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)****6 INTEREST RECEIVABLE**

	1999	1998
	£	£
On bank balance	108,366	75,322

**7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	1999	1998
	£	£
UK corporation tax at 30.9% (1998: 31%)	629,000	690,000
Adjustment relating to earlier years	(15,686)	-
	613,314	690,000

**8 DIVIDENDS**

	1999	1998
	£	£
Proposed dividend: £10.625 per share (1998: £11.50 per share)	425,000	460,000

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)

## 9 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery and vehicles £	Total £
<b>Cost</b>			
At beginning of year	54,499	4,142,199	4,196,698
Additions	-	735,344	735,344
Disposals	-	(241,827)	(241,827)
Intra-group transfers	(1,373)	(42,355)	(43,728)
At end of year	53,126	4,593,361	4,646,487
<b>Depreciation</b>			
At beginning of year	31,492	2,348,034	2,379,526
Charge for year	2,591	454,131	456,722
On disposals	-	(179,656)	(179,656)
Intra-group transfers	-	(22,185)	(22,185)
At end of year	34,083	2,600,324	2,634,407
<b>Net book value</b>			
At 30 April 1999	19,043	1,993,037	2,012,080
At 30 April 1998	23,007	1,794,165	1,817,172

The net book value of land and buildings comprises short leasehold premises.

## 10 FIXED ASSET INVESTMENTS

	Shares in subsidiaries (unquoted) £	Trade investments (unquoted) £	Total investments £
<b>Cost</b>			
At 1 May 1998 and 30 April 1999	30,200	2,173	32,373

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)**

**10 FIXED ASSET INVESTMENTS (Continued)**

Details of the company's subsidiary, which is wholly owned, are as follows:

B R Slade Limited      Dormant company

Group financial statements are not submitted as the company is a wholly owned subsidiary of Bradford and Sons Limited, which is registered in Great Britain and prepares consolidated financial statements. The financial statements therefore give information about the company as an individual undertaking and not about its group. In the opinion of the directors, the investment in the company's subsidiary is worth at least the amount at which it is stated in the balance sheet.

**11 STOCKS**

	1999	1998
	£	£
Goods for resale	4,665,206	4,335,962
Sundry stock	18,430	19,490
	<u>4,683,636</u>	<u>4,355,452</u>

**12 DEBTORS**

	1999	1998
	£	£
Debtors due within one year:		
Trade debtors	6,382,167	6,282,933
Amounts owed by parent and fellow subsidiaries	28,559	40,110
Sundry debtors and prepayments	535,530	342,802
	<u>6,946,256</u>	<u>6,665,845</u>
Debtors due after one year:		
Unsecured loan note	2,000	2,000
	<u>6,948,256</u>	<u>6,667,845</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)**

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999	1998
	£	£
Bank overdraft	-	328,841
Trade creditors	4,715,374	4,073,460
Amounts owed to parent and fellow subsidiaries	343,593	304,064
Other taxes and social security	315,116	347,191
Other creditors and accruals	493,100	563,429
Corporation tax	511,733	609,628
Proposed dividend	425,000	460,000
	<u>6,803,916</u>	<u>6,686,613</u>

The bank overdraft is not secured, but the parent company has given a pledge to its bankers that it will not, without first giving them 28 days notice, give any of its property or assets as security to any other party.

**14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1999	1998
	£	£
Amount owed to subsidiary company	<u>30,200</u>	<u>30,200</u>

The amount owed to the subsidiary company represents an interest-free permanent loan and is not expected to be repaid in the foreseeable future.

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

The amounts provided for deferred taxation at 30% (1998: 31%) are as follows:

	1999	1998
	£	£
Accelerated capital allowances	90,670	73,334
Other timing differences	(90,670)	(73,334)
	<u>-</u>	<u>-</u>

At 30 April 1999 the company had deferred tax assets of £81,000 (1998: £111,000) which are not recorded in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)**
**16 CALLED UP SHARE CAPITAL**

	1999	1998
	£	£
Authorised, allotted, called up and fully paid 40,000 ordinary shares of £1 each	40,000	40,000

**17 RESERVES**

	Profit & loss account	General reserve
	£	£
At 1 May 1998	6,119,321	2,100
Profit for the year	1,021,964	-
At 30 April 1999	7,141,285	2,100

**18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1999	1998
	£	£
Profit for the financial year	1,446,964	1,445,658
Dividend	(425,000)	(460,000)
Net increase in shareholders' funds	1,021,964	985,658
Shareholders' funds at 1 May 1998	6,161,421	5,175,763
Shareholders' funds at 30 April 1999	7,183,385	6,161,421

**19 CONTINGENT LIABILITIES**

In accordance with group policy, the company has guaranteed the overdrafts of other group companies. The amount outstanding at the year end was £1,973,147 (1998: £1,945,214).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)**

**20 COMMITMENTS**

- i) Capital commitments at the end of the financial year for which no provision has been made:

	1999	1998
	£	£
Contracted for but not provided	142,569	71,089

- ii) Annual commitments under non-cancellable property operating leases are as follows:

	1999	1998
	£	£
Operating leases which expire:		
Within one year	-	-
Within two to five years	30,800	30,800
Over five years	86,000	86,000
	<u>116,800</u>	<u>116,800</u>

**21 PENSION SCHEME**

The company is a member of the group operated pension scheme covering the majority of employees providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of the triennial valuations using the projected unit method.

In accordance with the actuary's advice contained in the valuation at 6 April 1998, the company has charged a reduced rate of funding in the financial statements representing 9.6% of pensionable salaries. The actuary's valuation revealed a group surplus in the scheme of £595,000 which is being written back to the profit and loss account over 15 years, being the average remaining service lives of current employees in the scheme. The effect of this, together with the release of the unamortised balance arising from the previous surplus, has been to reduce the total provision in the company by £76,716 (1998: £73,824) giving a net charge in the financial statements of £152,170 (1998: £199,574).

The scheme relates to eligible staff who choose to join and the most recent valuation of the scheme was at 6 April 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that investment returns would be 8% per annum, that salary increases would average 6% per annum and that future pensions would increase at the rate of 3.5% per annum. The market value of the scheme's assets at 5 April 1999 was £14,153,000 (1998: £12,817,000).

The group also operates a defined contribution non-contributory executive pension scheme which is much smaller than the main scheme. The charge for the year in the financial statements of the company was £6,376 (1998: £9,060).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL (Continued)**

**22      ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of Bradford and Sons Limited, which is registered in England and Wales and is the immediate controlling party. The consolidated financial statements of the group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.